

Mobile Home Rent Commission
Action Minutes
September 23, 2002

The meeting was called to order at 7:50 pm by Chairman Dillmann.

In attendance: Commissioners Dillmann, Moore and Liegl

absent: Commissioner Graham

Declaration of Posting was made by staff person Bill Newkirk

Following the flag salute, Chairman Dillmann opened the meeting to public comments.

Sue Shores, Hacienda Mobile Home Park, requested clarification regarding a bill for the Rent Stabilization Fee for the years 1999, 2000 and 2001. She wanted to know how to collect the tenant share from tenants who were no longer there. Were owners required to pay within 90 days of the date of the letter or October 1st? What is the eligible date for occupancy assessments for each of those years?

Staff promised to research and send clarifications to Mrs. Shores.

Commissioner Moore requested that the fee issue and status be on the next agenda.

Dillmann concurred with the request.

Dillmann questioned whether the minutes could be approved since only he and Moore were in a position to know.

Moore/Dillmann moved and seconded to approve the minutes. Motion passed unanimously.

Dillmann nominated Moore for Chairman. Seconded by Liegl. Passed unanimously

Dillmann nominated Liegl for Vice Chair. Moore seconded. Passed unanimously.

Dillmann asked Moore to give history of Rent Stabilization Ordinance and the Commission.

Moore passed out The Morgan Hill Rent Stabilization Ordinance a Historical Background and gave a verbal version of it as well.

Moore commented that Hacienda's last legal action had been dismissed and asked if his recollection was accurate.

Staff commented that the park owners had sought a new venue.

Moore: So suit is still on-going?

Staff: Yes

Dillmann: (Returning to the Conversion Ordinance) Because of what happened in Santa Clara, the City has decided to have an ordinance before the situation occurs here.

Moore: The draft was submitted in October. This appears to be the same draft. Any comments back since?

Staff: I don't recall the notes from that long ago. However, in December/January, staff sought time to review the proposal. That review is now complete. Comments have been submitted.

Moore: Does City Council want comments?

Staff: Yes, They have supported the attorney.

Liegl: In a conversion, once a “fair price” is established, is an owner required to accept it?

Moore: State says home owners must be reimbursed, but procedures are not set or not clearly set. Residents begin to feel that they have not been presented all of their options or just compensation. So they go to the City Council, who then stop the procedures and study them - usually with prolonged staff and City Council time involved.

Liegl: That is understandable. Home owners also have an investment that they wish to protect.

Dillmann: They all need to have the opportunity to know all their options and possibilities in a well-written document.

RE: John’s question on fair price - Owners would be reimbursed for the value of their home “in-place” in an “open market” as if a new owner/occupant was purchasing.

Moore: In October, staff requested our comments. All should have the handout. I felt that the San Jose framework was the best, and it was used by the City Attorney. I also felt that 15 days to organize was extremely difficult. I would hope for at least 60 days. Other areas should be extended as well so there is time for a reasonable review. You need more than 60 days to negotiate. There is no appeal process for the appraisal. There could be a conflict of interest since parks supply most of the business.

Dillmann: I disagree on the appraisal statement.

Moore: I don’t feel residents can read, evaluate and compare on a moment’s notice. The right of first refusal to other than a resident group might be nice. But might also be new legal ground, so maybe not the way to go.
I can’t speak for Property Owners who have gone through potentially complex negotiations to reach a sale.

Liegl: The ability of residents to interject paper and delay proceedings could affect the price an owner could command.

Dillmann: When a park is on the market, there are many “ins and outs”. At what point do you go to the residents for an exact match of terms and points (right of first refusal). Could hamper the Buyer when Seller gives 300 days to negotiate, because someone else gets a chance to use Buyer’s research and work.

Liegl: Staff, check to see if it is legal to impose right of first refusal.

Moore: I think there is some legality, but an established resident organization must let its intent be known.

Dillmann: Appraisers serve lenders, sellers and buyers. There is almost no contact with park owners. The problem is that once a park is know to be converting, no one will buy into the park, so it is hard to get comps.

Moore: Sunnyvale became a big issue because it was 1 of 2 parks in conversion status for many years.

Dillmann: You could compensate appraisals by seeking them within six months before the announcement to convert, then add some adjustment for time.

Liegl: Could have an independent brought in at the beginning, but who pays?

Moore: The first appraisal is selected by the property owner with no appeals. The

Planning Department appears to be holding hearings through this process, but it is not clear enough.

Liegl: If Planning Department pays for the appraiser, then he is in their pocket.

Moore: At least that is the perception.

Liegl: As a home owner, part of my responsibility is to get and pay for an appraisal. It is most important that the appraiser is independent and not construed to belong to either side.

Dillmann: Lenders have review appraisers, so there is a check and balance. We need that - to remove the issue of perception.

Moore: Concord has a different angle, they have the City pay for an Environmental Impact Report.

Liegl: Morgan Hill has how many - 6 major parks? Wouldn't that be a major cost for the city to handle?

Dillmann: City would virtually recover their costs in the conversion process.

Moore: As a Commission, I think we should re-look at the proposed ordinance at the next meeting, before we make any recommendations.

Dillmann: I think we should get on with it. Have there been any challenges to the other ordinances?

Moore: No. Only the Sunnyvale ordinance has been used so far. The Concord approach is better for the residents because of perception issue.

Liegl: Does the property owner pay all costs?

Dillmann: The city fees are presumed to cover the costs of conversion. I think the City should recover all costs unless they are already part of use-process fees.

Moore: In the San Jose approach, there are no, or minimal, costs to the city.

Liegl: It has a problem in that the property owner pays.

Moore: So you favor the Concord approach?

Liegl: Yes.

Dillmann: With both sides having a right to appeal.

Moore: Also time lines.

Dillmann: I have a problem with moves and per-mile costs because moves entail tear-down and set-up costs. Do we need moving words in it?

Moore: It continues to be an option. It doesn't hurt to keep it. Moves should be secondary, not primary option. Compensation is primary.

Dillmann: We would like staff to bring back a draft incorporating or considering these comments: How would City handle reimbursement for Environmental Impact Studies?

City to recover costs of implementation during the process.

Time lines to adjusted per Moore's letter of December 31.

Compensation as the prime and moves as the secondary options.

Motion by Liegl, seconded by Moore. Unanimous.

Dillmann: This Commission needs a property owner representative. (To audience) Please talk it up. The owners' viewpoint is truly needed.

Moore: That is good input. I concur.

Dillmann: Next meeting?

Preference is first two Thursdays in November at 7:00 pm.

On next agenda, include a discussion on Morgan Hill housing affordability as it relates to Measure P.

Make sure copies of all handouts are given to Commissioner Graham.

Adjourn: 9:17 pm.